



BILLING CODE (3410-XY-U)

DEPARTMENT OF AGRICULTURE

Rural Business-Cooperative Service

Guarantee Fee Rates for Guaranteed Loans for Fiscal Year 2016;

Maximum Portion of Guarantee Authority Available for Fiscal Year 2016;

Annual Renewal Fee for Fiscal Year 2016.

AGENCY: Rural Business-Cooperative Service, USDA.

ACTION: Notice.

SUMMARY: This notice helps to improve applicants' awareness of the Guarantee Fee Rates for Guaranteed Loans for Fiscal Year (FY) 2016; Maximum Portion of Guarantee Authority Available for FY 2016; Annual Renewal Fee for FY 2016 when applying for guaranteed loans under the Business and Industry (B&I) program.

The Agency was authorized by the 2012 Appropriations Bill, and subsequent Appropriations Acts, to charge a maximum of 3 percent for its guarantee fee for FY 2012, 2013, 2014 and 2015. The guarantee fee for FY 2016 will be 3 percent.

The Agency has established that not more than 12 percent of the Agency's quarterly apportioned B&I guarantee authority will be reserved for loan requests with a reduced fee, and not more than 15 percent of the Agency's quarterly apportioned guarantee authority will be reserved for guaranteed loan requests with a guarantee percentage exceeding 80 percent. Once the respective quarterly limits are reached, all additional loans for that quarter will be at the standard fee and guarantee limits.

The Agency is establishing the renewal fee rate at one-half of 1 percent for the B&I Guaranteed Loan Program. This rate will apply to all loans obligated in FY 2016 that are made under the B&I program.

DATES: Effective date: (INSERT DATE OF PUBLICATION IN **FEDERAL REGISTER**)

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: As set forth in 7 CFR 4279.107, the Agency has the authority to charge an initial guarantee fee and an annual renewal fee for loans made under the B&I Guaranteed Loan Program. Pursuant to that authority, the Agency is establishing the renewal fee rate at one-half of 1 percent for the B&I Guaranteed Loan Program. This rate will apply to all loans obligated in FY 2016 that are made under the B&I program. As established in 7 CFR 4279.107(b)(1), the amount of the fee on each guaranteed loan will be determined by multiplying the fee rate by the outstanding principal loan balance as of December 31, multiplied by the percent of guarantee.

The Agency was authorized by the 2012 Appropriations Bill, and subsequent Appropriation Acts, to charge a maximum of 3 percent for its guarantee fee for FY 2012, 2013, 2014 and 2015. It is the Agency's expectation that the 2016 Appropriations Act will contain a provision to charge a maximum of 3 percent for its guarantee fee for FY 2016. As such, the guarantee fee for FY 2016 will be 3 percent.

As set forth in 7 CFR 4279.107(a) and 4279.119(b)(4), each fiscal year, the Agency shall establish a limit on the maximum portion of B&I guarantee authority available for that FY that may be used to guarantee loans with a reduced guarantee fee or guaranteed loans with a guarantee percentage exceeding 80 percent.

Allowing a reduced guarantee fee or exceeding the 80 percent guarantee on certain B&I guaranteed loans that meet the conditions set forth in 7 CFR 4279.107 and 4279.119 will increase the Agency's ability to focus guarantee assistance on projects that the Agency has found particularly meritorious. For reduced guarantee fees, the borrower's business must support value-added agriculture and result in farmers benefiting financially or must be a high impact business development investment as defined in 7 CFR 4279.155(b)(5) and be located in rural communities that experience long-term population decline and job deterioration, remain persistently poor, are experiencing trauma as a result of natural disaster, or are experiencing fundamental structural changes in its economic base.

The Agency has established that not more than 12 percent of the Agency's quarterly apportioned B&I guarantee authority will be reserved for loan requests with a reduced fee, and not more than 15 percent of the Agency's quarterly apportioned guarantee authority will be reserved for guaranteed loan requests with a guarantee percentage exceeding 80 percent. Once the respective quarterly limits are reached, all additional loans for that quarter will be at the standard fee and guarantee limits.

This action has been reviewed and determined not to be a rule or regulation as defined in Executive Order 12866, as amended by Executive Order 13258.

Dated: December 1, 2015.

SAMUEL H. RIKKERS

Acting Administrator

Rural Business-Cooperative Service

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